Retired Members | MAY 2021

PSRS Benefit Check

PUBLIC SCHOOL RETIREMENT SYSTEM OF MISSOURI

PSRS/PEERS Office Reopens to the Public June 1

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PSRS Benefit Check is published by the Public School and Education Employee Retirement Systems of Missouri.

Sign up today to receive your **PSRS Benefit Check** publication via email. It's an easy way to help us save natural resources and money while staying informed about your retirement system. Simply visit **www.psrs-peers.org** and log in to Web Member Services to change your delivery preference.

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PSRS/PEERS Office Reopens to the Public June 1

We are pleased to announce that the PSRS/PEERS office will reopen to the public June 1, after being closed to visitors since last spring.

We look forward to seeing you in our office once again for individual counseling sessions, or to drop off forms and documents. We are located at 3210 West Truman Boulevard in Jefferson City, Missouri. As a reminder, we are open 7:30 a.m. to 5 p.m. Monday through Friday, except holidays.

Registration for all types of counseling sessions can be completed by logging in to Web Member Services at **www.psrs-peers.org** or by calling us at **(800) 392-6848**.

Of course, if you have concerns about in-person contact, we are happy to assist you other ways! We encourage you to take advantage of our ongoing web and phone counseling options. As always you are welcome to call us at the toll-free number above, or email **psrspeers@psrspeers.org**.

We wish to thank all of our members for your understanding and patience during the past year. We are grateful to have had the opportunity to assist so many of you who reached out to us by phone, email or chat, as well as all those who joined us for our virtual seminars, webinars and web counseling sessions.

PSRS Benefit Check | RETIRED MEMBERS

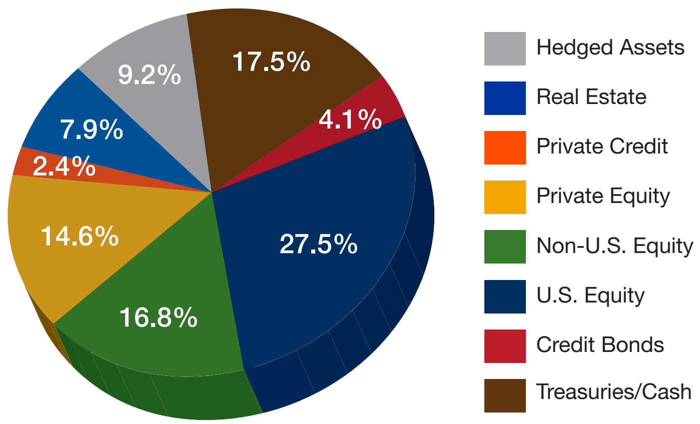
PSRS/PEERS Investment Update

The fiscal year reporting period for PSRS/PEERS ends each June 30. Through March 31, 2021, the Systems had completed three-fourths of fiscal year 2021 with strong investment returns. The estimated PSRS/PEERS investment return for fiscal year 2021 (July 1, 2020 through March 31, 2021) was approximately 19.2%. The Systems have benefited from a strong stock market in fiscal year 2021, as U.S. stocks (measured by the S&P 500 Index) have increased 29.7% since July 1, 2020. However, as we move forward in 2021, there are several issues facing the economy that could ultimately impact the investment markets. As stewards of your retirement assets, we will continue to maintain a balanced investment methodology as we approach market uncertainty.

We are currently in the stage of the business cycle that can be volatile for financial markets. The Federal Reserve has acted aggressively and pushed interest rates to historical lows. The federal government has been equally assertive through multiple stimulus packages, including the $1.9 trillion fiscal package in mid-March. Moving forward, it is expected that the U.S. economic recovery will correlate closely to the level of coronavirus vaccinations and the long march toward herd immunity. As the pace of vaccinations for the coronavirus has increased throughout the United States, a return to normalcy has started, with a surge in demand for many goods and services including travel and restaurants. Ultimately, it is expected that this consumer spending (which is likely to increase this summer) should result in stronger growth in the economy.

As the economy gets stronger, it is expected that volatility in the investment markets could increase when the Federal Reserve and the federal government try to reduce or eliminate stimulus and interest rate support. For example, interest rates started to rise most recently at the hint that the Federal Reserve support may be ending. The yield on the 10-year Treasury Note increased from a low of 0.52% on August 4, 2020 to 1.7% on March 31, 2021. Additionally, there is a concern over near-term inflation as consumer spending increases. The current level of unemployment is also a worry, as it has not fully recovered from the pandemic shock. Finally, most stock markets in both the U.S. and abroad are fully valued (or overvalued). From a very basic standpoint, higher than normal expected returns in the stock market today result in lower expected returns in the future for all investors, including PSRS/PEERS.

While the stock markets continue to reach new highs in 2021, the PSRS/PEERS investment staff has utilized stock market gains to meet benefit payments. Significant assets have also been rebalanced out of stocks into U.S. Treasury bonds and private assets such as private credit and private equity. This rebalancing has allowed the Systems to maintain a diversified and balanced asset allocation. The following chart indicates the PSRS/PEERS asset allocation as of March 31, 2021.



The market value of invested assets for PSRS and PEERS combined were approximately **$52.9 billion** on March 31, 2021, making the joint entity larger than all other public retirement plans in Missouri combined, and the **46th largest defined benefit plan** in the United States. For the most recent PSRS/PEERS investment news, visit us on the web at **www.psrs-peers.org**.

Legislative Session Includes Bills of Interest

Since the General Assembly began the 2021 Legislative Session on January 6, 2021, more than 1,800 bills have been introduced. PSRS/PEERS is closely monitoring over 200 bills. The 2021 Legislative Session ends on May 14, 2021.

In order for a bill to become law, it must be passed by the Missouri House and Senate, after which it goes to the governor for his signature. The governor has until July 14 to sign or veto legislation.

Legislation currently being tracked that has a direct impact on the Systems includes:

- **House Bill 811 (HCS HB 811)**, which would change some working after retirement limits and Critical Shortage Employment, and allow PSRS members with 32 or more years of service to retire with a higher benefit factor
- **House Bill 439 (HCS HB 439)**, which would allow school districts to permit individuals to teach for them. DESE would issue a certificate for these permitted individuals.
- **House Bill 608 (HB 608)**, which would change the qualifications required for substitute teaching
- **Senate Bill 608 (SB 608)**, which would allow a retiree who nominated a same-sex domestic partner as beneficiary to have their monthly retirement benefit "pop-up" to the amount he or she would have received if he or she had not elected to receive reduced monthly benefits.

As of the publication date of this newsletter, none of these bills have passed out of both chambers as required in order to become law.

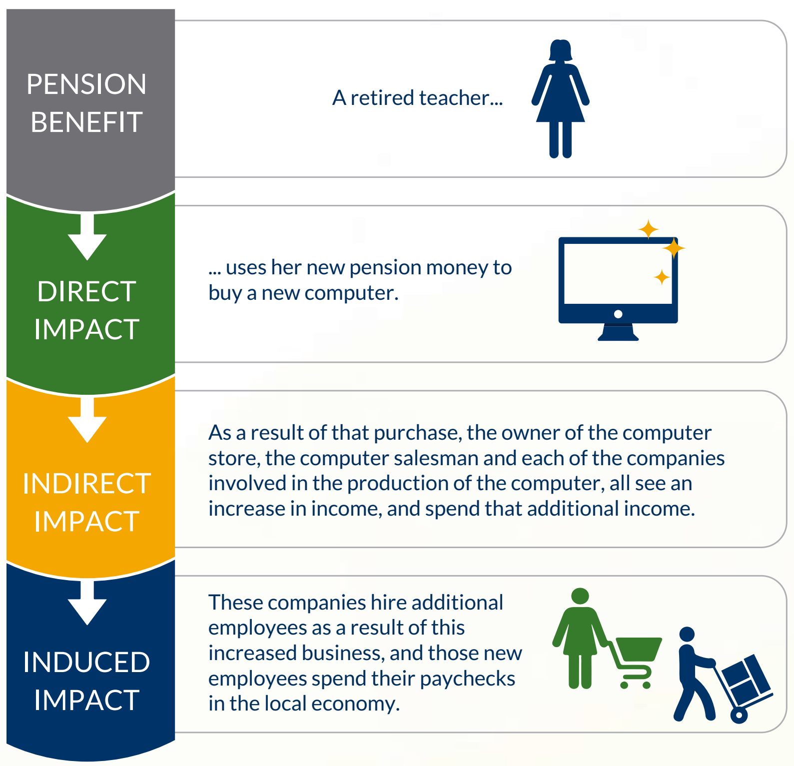
To view a summary and the current status of all the bills we are tracking this session, view our online Legislative Tracker at **www.psrs-peers.org/About-Us/Legislation**. The status of these bills can change daily. If significant or impactful changes occur, we will post information as news on our website or send an email. If you are not signed up to receive news from us by email, please log in to Web Member Services at **www.psrs-peers.org** and update your communications preferences.

Defined Benefit Plans: Benefits *Beyond* Service Retirement

"Virtually every state and local economy across the country benefits from the spending of pension checks."[1]

When we think about the benefits PSRS/PEERS provides, we think immediately of the benefits we pay directly to members: service retirement, disability retirement and beneficiary benefits. To be sure, these benefit payments are the reason Defined Benefit, or DB, plans like PSRS and PEERS exists … to provide retirement security for members and their families.

But Defined Benefit plans have a much larger, positive economic impact than just helping retirees pay the bills. Described in detail in a recent research report from the National Institute on Retirement Security, it's called the multiplier effect, and here is how it works.



In short, when a retired Missouri public school teacher receives a monthly PSRS service retirement benefit, she spends the pension check on goods and services in the local community. She purchases food, clothing, and medicine at local stores, and may even make larger purchases like a car or laptop.

These purchases, combined with those of other retirees with pensions, create a steady economic ripple effect. In short, pension spending supports the economy and supports jobs where retirees reside and spend their benefits.

In fiscal year 2019-2020, PSRS/PEERS total benefit payments were nearly $3.1 billion, $2.7 billion of which was distributed to benefit recipients living in Missouri. However, the nature of this multiplier effect means that PSRS/PEERS benefits during fiscal year 2020 ultimately contributed much more to the total economic output in the state than the dollar amount of benefits paid.

Pension expenditures may be especially vital to small or rural communities, where other steady sources of income may not be readily found if the local economy lacks diversity.

Additionally, reliable pension income can be especially important not only in providing retirees with peace of mind, but in stabilizing local economies during economic downturns. Retirees with DB pensions know they are receiving a steady check despite economic conditions. In contrast, retirees may be reluctant to spend out of their 401(k)-type accounts if their savings are negatively impacted by market downturns.

It's nice to know that the peace of mind our members get from having lifetime monthly retirement benefits also results in a positive economic impact for all of Missouri.

[1] Ilana Boivie and Dan Doonan. "Pensionomics 2021: Measuring the Economic Impact of DB Pension Expenditures," National Institute on Retirement Security, January 2021.

Board Sets Interest Rate on Contributions

At the April meeting of the PSRS/PEERS Board of Trustees, the Board voted to keep the interest rate active members earn on their contributions at 1%, effective June 30, 2021, and also for the upcoming 2021-2022 school year (July 1, 2021 to June 30, 2022).

Interest is credited June 30 each year on the total contributions and interest in a membership, as of the previous June 30. This occurs until the membership is closed. Memberships are closed due to retirement, a refund of a member's contributions and interest, the death of the member, or when the member is not vested and is out of PSRS-covered employment for five consecutive school years.

The interest rate has no impact on the amount of your retirement benefits. Interest is paid out through lump-sum payments made to members who request refunds of their contributions, and to the beneficiaries of deceased members.

Board Chair Jason Hoffman Retiring, Leaving Board of Trustees

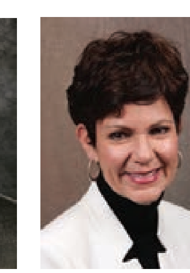
Jason Hoffman, PSRS/PEERS Board chair, has announced that he will retire from his position as chief of operations for Jefferson City Public Schools effective July 1, 2021. His departure from PEERS-covered employment means he must vacate his seat on the Board at that time. According to PSRS/PEERS statutes and regulations, his seat will remain empty until filled at the next regularly scheduled Board of Trustees election, which will take place in spring 2022. Hoffman was first elected to the Board of Trustees on July 1, 2010, and served three terms as an elected PEERS member. During that time, he served as both vice-chair and chair.

"Jason's Board service and leadership have made a tremendous positive impact on the Retirement Systems," said PSRS/PEERS Executive Director, Dearld Snider. "While we will miss his experience, dedication and financial expertise, we are grateful for his service and wish him all the best in his own, well-deserved retirement."

Board Leadership Selected for 2021-2022 School Year

At the April PSRS/PEERS Board of Trustees meeting, the Board elected Jason Steliga to serve as chair and Beth Knes to serve as vice chair for the 2021-2022 school year (July 1, 2021 to June 30, 2022).


Jason Steliga


Beth Knes

Steliga, an elected PSRS member, joined the Board October 21, 2015. He has 16 years of teaching experience, and is presently teaching at Park Hill South High School, located in Riverside, MO.

Beth Knes is a governor-appointed trustee who joined the Board on August 22, 2017. She retired from public education in 2014. Most recently, she served as executive director of student services for the Rockwood School District.

"We congratulate Jason and Beth on their leadership positions," said PSRS/PEERS Executive Director Dearld Snider. "As trustees, both have proven their dedication to the needs of PSRS/PEERS, our employer community and our members. We look forward to working with them both in their new roles."

PSRS

PUBLIC SCHOOL RETIREMENT SYSTEM OF MISSOURI

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Working After Retirement Limit Waiver Extended through August 31

On March 26, Governor Mike Parson signed an executive order extending the state of emergency in Missouri through August 31, 2021. **Because the current waiver of work limits for PSRS and PEERS retirees is tied to the duration of the state of emergency, that waiver is also extended through August 31, 2021.**

In August 2020, the governor approved a request from the Missouri Department of Elementary and Secondary Education (DESE) to temporarily waive portions of the state statutes that limit the number of hours worked and amount of salary earned by retirees while working for a covered employer in a temporary, part-time or substitute position. This action was designed to help alleviate the potential shortage of substitute teachers and/or school support staff members due to COVID-19 during the 2020-2021 school year. The governor approved their request. The waiver remains in effect for the duration of the governor's emergency order.

When the state of emergency ends and the waiver is no longer in effect, we will contact retirees who are working for covered employers with information about their personal work limits and provide each with a new ***Working After Retirement Record*** form on which to track their work.